

Why Invest?

- **High exposure to “compounders”:** The United Global Quality Growth Fund (the “Fund”) invests in “compounders”, which are quality companies that generate sustainably high returns on capital with the ability to reinvest at similarly high returns to drive future growth. We believe quality companies are likely to outperform in a high-rate world.
- **Invest in quality companies that “beat the fade”:** Quality companies can generate high returns on capital over time and avoid the tendency for excess returns to be competed down to a just-adequate level. Hence, higher likelihood of outperformance.
- **Strategically diversified:** To ensure high quality, the Fund holds 40 to 50 names that are well-diversified across sectors. The size of any single holding ranges between 2 per cent to 5 per cent to minimise concentration risk. It is also well diversified with Information Technology, Financials and Industrials being the three largest allocations (as of May 2024).
- **Experienced investment capabilities:** Lazard’s team sub-managed the Fund, which is comprised of experienced professionals with over two decades of sector expertise, and focusing on high-quality companies with a sustainable competitive advantage.

Portfolio Positioning

We expect to see continued volatility as the US Federal Reserve (Fed) and other central banks seek to balance the goals of maintaining financial stability and controlling inflation. We remain focused on our philosophy of investing in quality companies that can sustain elevated levels of financial productivity. While the market volatility in the first quarter of 2024 was moving in a fairly narrow range, we expect it to broaden out and believe that a strategy such as ours, focused on financial productivity and valuation, will benefit in that more normalised market environment.

May 2024 Portfolio Performance

The United Global Quality Growth Fund - SGD Acc	+0.86 per cent ¹
Benchmark: MSCI All Country World Index	+3.14 per cent

Source: Morningstar, Performance from 30 April 2024 to 31 May 2024 in SGD terms

¹ Fund performance is on a Net Asset Value (“NAV”) basis, with dividends and distributions reinvested (if any).

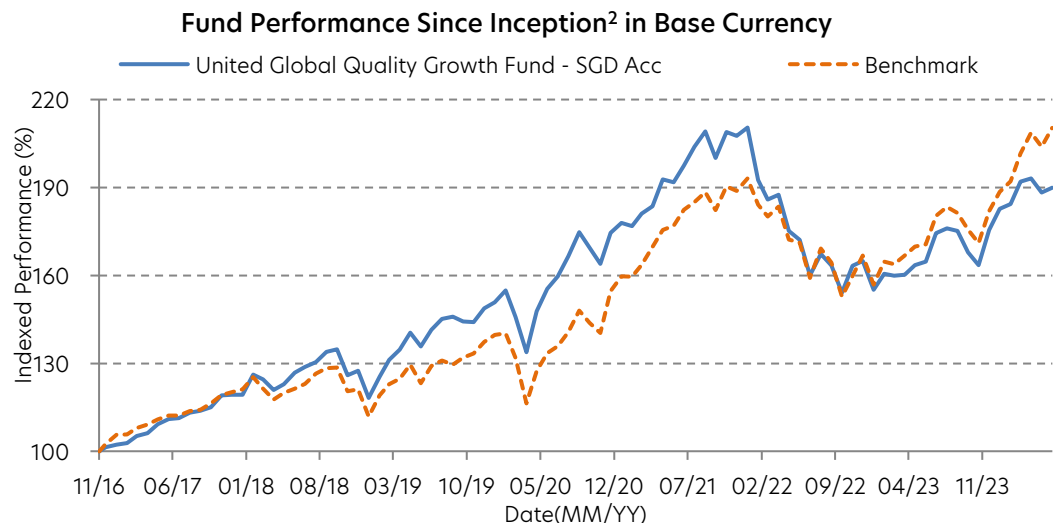
Performance Review

The Fund underperformed the benchmark in May 2024 but still delivered a positive return.

The top contributor was **Dollarama Inc. (Dollarama)** in May 2024. Shares of Canadian discount retailer Dollarama continued to benefit from value-conscious consumer sentiment. With such a dominant market position (its next four largest competitors have a combined store count that is only a third of Dollarama’s), proven pricing power, and high-quality, growing, cash-generating operations, we believe Dollarama will be able to continue to compound returns.

Stock selection in the consumer staples sector detracted from performance in May 2024. **Estée Lauder Companies Inc. (Estée Lauder)**, a prestige beauty company, reported strong earnings, and an inflection in sales growth and gross margin as well as an improvement in inventories. However, the stock fell on lower-than-expected fourth-quarter guidance and concerns around consumer/macro data points. We continue to own Estée Lauder, as we believe that its margin and return profile can recover to historic highs and that structural changes in the fragrance and US businesses, expected profit improvement in makeup, and changes in the company’s Asian manufacturing footprint should provide multi-year tailwinds.

Performance (Class SGD Acc)



Past performance is not necessarily indicative of future performance.

Fund performance is calculated on a NAV to NAV basis.

Benchmark: MSCI All Country World Index.

Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any.

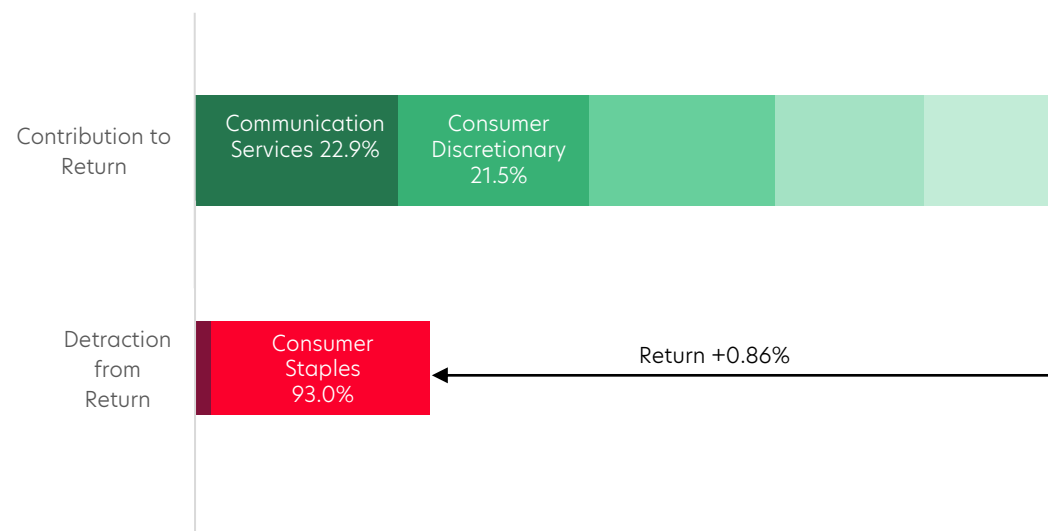
² The United Global Quality Growth Fund- SGD Acc (ISIN Code: SG9999014880) was incepted on 11 November 2016.

All statistics quoted in the write-up are sourced from Bloomberg as at 31 May 2024 unless otherwise stated.

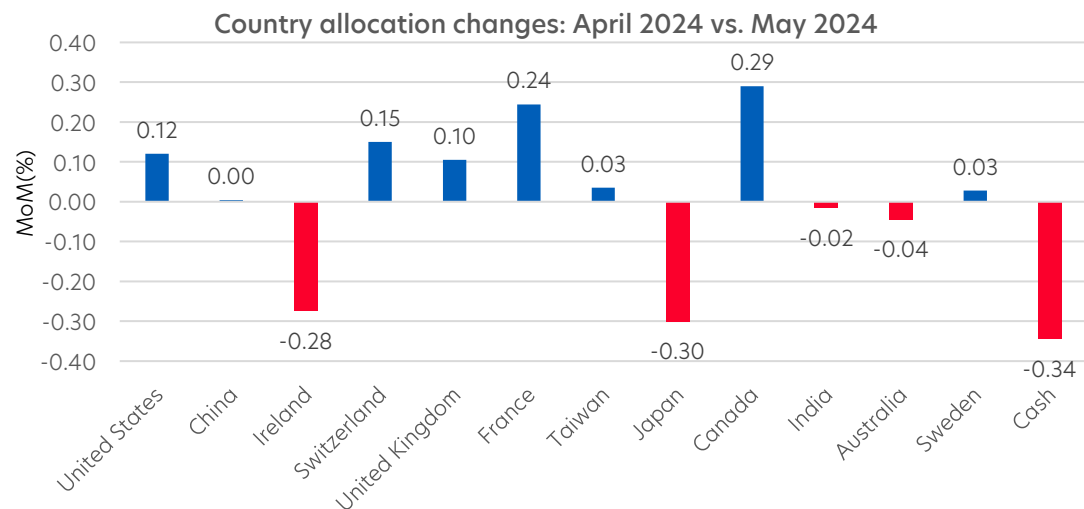
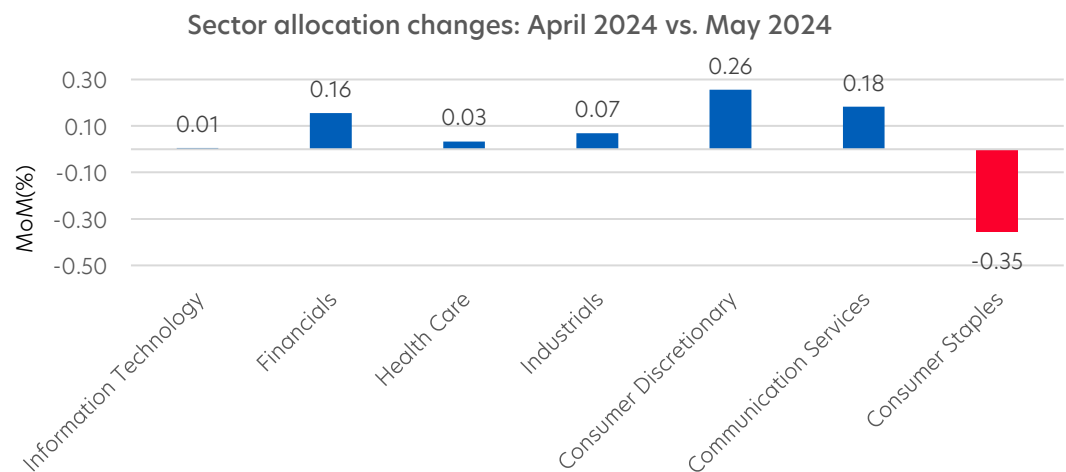
	Cumulative Performance (%)	Annualised Performance (%)			
	1 month	1 Year	3 Years	5 Years	Since Inception
Fund NAV to NAV	0.86	15.28	-0.32	6.95	8.87
Fund (Charges applied [^])	-4.19	9.52	-2.01	5.85	8.13
Benchmark	3.14	23.27	5.93	11.27	10.34

Source: Morningstar. Performance as at 31 May 2024, SGD basis, with dividends and distributions reinvested, if any. Performance figures for 1 month till 1 year show the per cent change, while performance figures above 1 year show the average annual compounded returns. Benchmark: MSCI All Country World Index. Past performance is not necessarily indicative of future performance. [^]Includes the effect of the current subscription fee that is charged, which an investor might or might not pay.

Performance Contributors/Detractors: May 2024



Portfolio Changes



Portfolio Review

Analyst Insights

As shown on the left charts, the biggest increase in the sector allocation changes for May 2024 was in Consumer Discretionary (+0.26 per cent). On the contrary, the largest decrease was in Consumer Staples (-0.35 per cent).

In terms of country allocation changes, the Fund had the highest increase in Canada (+0.29 per cent) and the most decline in Japan (-0.30 per cent) for May 2024.

Market Review

Global equity markets advanced in May 2024, as markets remained focused on the closely linked trajectories of inflation and interest rates.

With markets focused on inflation in the US, all eyes were on the Federal Reserve (Fed) in May 2024. As expected, the US Fed held rates steady for the sixth consecutive policy meeting in May 2024. More importantly, Fed officials commented that an interest-rate hike was unlikely, though it did acknowledge that progress in driving domestic inflation down towards its 2 per cent target had slowed. The Fed’s remarks, along with data indicating US inflation showed a modest slowdown in price growth in April 2024—the first such positive reading in four months—sparked a market rally fueled by hopes for rate cuts later in 2024.

In the eurozone, the European Central Bank (ECB) was expected to lower rates in June 2024 despite data suggesting that inflation in May 2024 had ticked up for the first time in five months. While the inflation reading was seen as a temporary setback, it did cast doubt on the possibility that the ECB’s expected action in June 2024 will be the start of an aggressive rate-cutting campaign. In the UK, news that domestic inflation in April 2024 had decelerated to its slowest rate in three years and was nearing the Bank of England’s 2 per cent target fueled hopes that the British central bank will lower interest rates this summer.

Against this backdrop, equity markets in the developed and developing worlds advanced in May 2024, with the former outperforming the latter. In the US, stocks outperformed thanks to strong quarterly earnings results and revived hopes of interest rate cuts later in 2024. Across the Atlantic, European stock markets outperformed on growing optimism that interest rate cuts from the ECB were imminent. Japanese equities lagged the broader global index after the Bank of Japan warned that it may need to hike interest rates if inflationary pressure begins to exert itself more forcefully due to the steep depreciation of the Japanese Yen. In emerging markets, China’s stock market gained but lagged the broader global index on news that the US planned to raise tariffs on imports from China, an unexpected contraction in China’s manufacturing activity in May 2024, and lingering concerns about China’s property market.

Investment Objective

The investment objective of the United Global Quality Growth Fund is seeking to provide long-term total return by investing in equity and equity related securities of companies listed and traded on stock exchanges globally.

Fund Information

Base Currency	Fund Size	Sub-Manager
SGD	SGD 980.58 mil	Lazard Asset Management

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